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Acquired 1976 By
Commerce Capital Corp. Ltd
which was formerly
St. Maurice Capital Corp. Ltd



FARMERS & MERCHANTS TRUST COMPANY
Annual Report 1975

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HIGHLIGHTS

1975

1974

Results for Year	Total Revenue	\$ 26,173,000	\$ 17,673,000
	Earnings Before Extraordinary Item	\$ 1,777,000	\$ 1,077,000
	Per Share	\$ 1.21	\$ 0.83
	Net Earnings	\$ 1,777,000	\$ 1,144,000
	Per Share	\$ 1.21	\$ 0.88
	Common Share Dividends	\$ 354,000	\$ 262,000
	Per Share	\$ 0.26	\$ 0.20
Year-End Position	Total Assets	\$262,844,000	\$180,168,000
	Common Shareholders' Equity	\$ 8,084,000	\$ 7,046,000
	Per Common Share	\$ 5.94	\$ 5.18
	Number of Common Shares Outstanding		
	Weighted Average	1,361,478	1,298,971
	At Year-End	1,361,478	1,361,478

FARMERS & MERCHANTS TRUST COMPANY

DIRECTORS

T. L. CHARNE, Q.C., Winnipeg,
President,
Commerce Capital Properties Limited

D. P. HAYS, Calgary,
Partner,
Macleod, Dixon

J. W. LEECH, Calgary,
Executive Vice-President,
Farmers & Merchants Trust Company

R. B. LOVE, Q.C., Calgary,
Partner,
Macleod, Dixon

C. ORENSTEIN, Toronto,
President,
Commerce Capital Financial Corporation

J. B. WHITELY, Montreal,
President,
Commerce Capital Corporation Limited

OFFICERS

J. B. WHITELY,
Chairman of the Board and President

J. W. LEECH,
Executive Vice-President

R. B. LOVE, Q.C.,
Vice-President

O. J. DIZEP,
Vice-President, Mortgages

H. KRAMER, C.A.,
Vice-President, Finance

L. R. LUNN, C.F.A.,
Vice-President, Investments

A. G. DUCIE,
Treasurer

Auditors

THORNE RIDDELL & CO.

Transfer Agent & Registrar

FARMERS & MERCHANTS TRUST COMPANY
Calgary, Toronto, Montreal

Stock Listings

THE TORONTO STOCK EXCHANGE
MONTREAL STOCK EXCHANGE
ALBERTA STOCK EXCHANGE

Head Office

209 - 8th Avenue South West
Calgary, Alberta T2P 1B8

Executive Offices

209 - 8th Avenue South West
Calgary, Alberta T2P 1B8

One Place Ville Marie, Suite 3424
Montreal, Quebec H3B 3N6

**HEAD OFFICE
DEPARTMENT HEADS**

B. A. JOHNSON, C.A., Assistant Treasurer
T. A. KOSTER, Computer Services
D. T. McINTOSH, Mortgage Administrator
C. R. SHARP, Corporate Services
W. E. TANNER, Real Property Development
F. K. VANDEN DUNGEN, Customer Services

BRANCH MANAGEMENT

Alberta

A. G. RANKIN, Calgary
W. L. MILLER, Edmonton
W. C. DRUMMOND, Grande Prairie
L. L. DAVIDSON, Lethbridge
B. G. STONE, Medicine Hat
J. R. UNSWORTH, Red Deer

British Columbia

E. L. GRENKE, Kamloops
A. L. FLEMMER, Vancouver
L. E. BURTON, Victoria

Manitoba

E. J. TIMMERMANN, Winnipeg

Ontario

R. HAM, Toronto

Quebec

P. HURTUBISE, Montreal

REAL ESTATE OPERATIONS

Commerce Capital Properties Limited

349 Portage Avenue
Winnipeg, Manitoba R3B 2C3

J. B. WHITELEY,
Chairman of the Board

T. L. CHARNE, Q.C.,
President

G. O. TERRY,
Vice-President, Leasing

G. K. CINNAMON,
Vice-President, Development

G. W. ROMAN, C.A.,
Secretary-Treasurer

TO THE SHAREHOLDERS

Farmers & Merchants Trust Company had an exceptionally good year in 1975. Earnings increased significantly over 1974 and the Company's asset base was further strengthened by our expanded mortgage lending operations. The Company's borrowing capacity grew substantially not only through the retention of earnings but also through the completion of two major financings — a \$2 million subordinated note issue placed privately in April and a \$3 million public issue of preferred shares in August.

Financial Performance

Measured in terms of asset growth, the year 1975 was a record one. Total assets broke through the \$250 million mark to \$263 million — a significant milestone in the Company's history. This expansion in total assets represented an increase of 46% over the 1974 year-end level. The largest component of growth occurred in the mortgage portfolio which experienced a 47% net increase from \$133 million to \$196 million.

This expansion in assets was financed principally through the guaranteed account which consists of Savings and Chequing Deposits, Guaranteed Investment Certificates, Registered Retirement Savings Plans, Registered Home Ownership Savings Plans and Income Averaging Annuity Contracts. In total, the guaranteed account grew from \$161 million to \$231 million, an increase of 44%.

Earnings for the year reached the highest level in the history of the Company. Earnings before extraordinary item increased by 65% from \$1,077,000 to \$1,777,000. After allowing for dividends to preferred shareholders, earnings applicable to common shares were \$1,652,000. On a per share basis, this represents \$1.21 per share versus the 1974 level of \$0.83 per share, a 46% increase. This favourable profit picture was due largely to the increase in our mortgage portfolio and to a lesser extent to the lower interest rates on deposits which prevailed during the first half of the year.

Real Estate Development

Our real estate subsidiary, Commerce Capital Properties Limited showed considerable progress in 1975. Construction is nearing completion on the enclosed shopping centre in Courtenay, British Columbia, with the official opening scheduled for April, 1976. In November we began construction of our fourth centre, a 242,000 square foot enclosed shopping mall in Winnipeg, Manitoba, which is expected to open this summer. This February, Commerce Capital Properties announced that it has undertaken a major residential development programme through the purchase of two large condominium projects in the greater Vancouver area.

Changes in Directors, Officers and Staff

In January, 1976 Mr. D. A. Ross, President of Farmers & Merchants Trust Company for the past twelve years, left the Company in order to pursue other

business interests. Mr. Ross made a lasting contribution to the Company's successful development during his period in office and we wish to express our appreciation for his efforts. I have assumed the position of President in addition to my duties as Chairman of the Board.

In December, Mr. James W. Leech was appointed Executive Vice-President and in February of this year was elected a Director of the Company.

In July, Mr. Harold Kramer joined the Company as Vice-President, Finance.

During the year there were a number of other changes and promotions in head office and branch management positions. It has been our policy to encourage all of our staff to participate in educational programmes in order to upgrade their professional qualifications and we are particularly pleased that the Trust Companies Association of Canada has instituted an accreditation programme in which courses on all aspects of the industry are made available to our personnel.

This past year has been one of rapid expansion and we are indebted to all the members of our staff for their contribution to the Company's success.

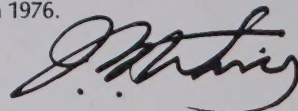
Dividends

During the year, the dividends paid on common shares rose to 26¢ from the 1974 level of 20¢. The final quarterly dividend paid in 1975 was 10¢ and it is expected that this level of dividend payout will be maintained provided that the Company can comply with the anti-inflation guidelines.

Outlook

There are some encouraging signs that the extraordinarily high rate of inflation experienced in Canada in recent years is at last beginning to abate, in part due to the federal government's price control programme. In January the Consumer Price Index grew at an annual rate of only 7.2%, wage settlements are running at a much lower rate of increase than last year, and food prices appear to be levelling off. Moreover, and possibly most important, the inflation rate in the United States has fallen sharply and this should have an impact on our own situation. These developments could lead to a modest decline in the general level of interest rates throughout 1976.

With respect to the mortgage market, we feel confident that the demand for housing and attendant mortgage financing will remain strong during the coming year, with mortgage interest rates continuing at a relatively high level. It is with confidence therefore, that we are planning for another excellent year in 1976.



J. B. WHITELEY
Chairman of the Board
and President

February 18, 1976
Calgary, Alberta



J. B. Whitely, Chairman of the Board and President.



James W. Leech Executive, Vice-President (left) and T. L. Charne, Q.C., President of Commerce Capital Properties Limited, discuss a loan application at the Mortgage Committee.

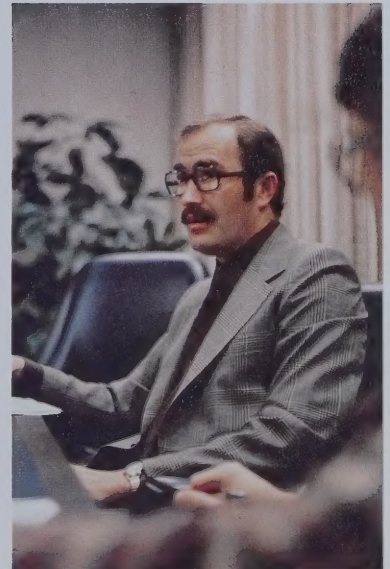
*H. Kramer,
Vice-President,
Finance.*



*L. R. Lunn,
Vice-President,
Investments.*



*O. J. Dizop,
Vice-President,
Mortgages.*





FARMERS & MERCHANTS TRUST COMPANY

Consolidated Balance Sheet

As At December 31, 1975

	1975	1974
Assets		
Cash and bank deposit receipts	\$ 13,389,000	\$ 5,700,000
Investment in marketable securities (Note 3)	36,760,000	27,252,000
Mortgages and secured loans	195,732,000	133,322,000
Accounts receivable and prepaid expenses	1,555,000	2,704,000
Properties (Note 4)	13,422,000	9,673,000
 Premises and equipment, at cost less accumulated depreciation (1975 — \$394,000; 1974 — \$321,000)	 1,986,000	 1,517,000

Approved by the Board

Director

Director

\$262,844,000

\$180,168,000

Liabilities and Shareholders' Equity

Guaranteed account (Note 5)

Deposits	\$ 68,466,000	\$ 37,916,000
Guaranteed investment certificates	<u>162,616,000</u>	<u>122,719,000</u>
	<u>231,082,000</u>	<u>160,635,000</u>

Other liabilities

Bank indebtedness, secured	1,105,000	225,000
Accounts payable and accrued liabilities	2,246,000	1,443,000
Income taxes payable	350,000	—
Mortgages payable (Note 6)	9,516,000	7,421,000
Subordinated notes (Note 7)	<u>2,000,000</u>	<u>—</u>
	<u>15,217,000</u>	<u>9,089,000</u>

Deferred income	<u>4,408,000</u>	<u>2,702,000</u>
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Deferred income taxes	<u>965,000</u>	<u>598,000</u>
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Minority interest in subsidiary company	<u>88,000</u>	<u>98,000</u>
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Shareholders' equity

Capital stock

Authorized

1,000,000 preferred shares, at the
par value of \$10 each

2,000,000 common shares at the
par value of \$1 each

Issued

300,000 10¾% cumulative, redeemable

preferred shares, Series A (Note 8)	3,000,000	—
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1,361,478 common shares	1,361,000	1,361,000
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Contributed surplus	2,091,000	2,091,000
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General reserve	4,000,000	3,250,000
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Retained earnings	<u>632,000</u>	<u>344,000</u>
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	<u>11,084,000</u>	<u>7,046,000</u>
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	<u>\$262,844,000</u>	<u>\$180,168,000</u>
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FARMERS AND MERCHANTS TRUST COMPANY

Consolidated Statement of Earnings

Year Ended December 31, 1975

	1975	1974
Revenue		
Income from mortgages and secured loans	\$20,336,000	\$13,760,000
Income from marketable securities	3,709,000	2,523,000
Other	2,128,000	1,390,000
	<u>26,173,000</u>	<u>17,673,000</u>
Expenses		
Interest on deposits and borrowings	18,442,000	11,771,000
Personnel	2,075,000	1,668,000
Premises, including depreciation		
1975 — \$97,000; 1974 — \$78,000	546,000	345,000
Other	1,779,000	1,715,000
	<u>22,842,000</u>	<u>15,499,000</u>
Earnings before income taxes and extraordinary item	<u>3,331,000</u>	<u>2,174,000</u>
Income taxes		
Current	1,184,000	758,000
Deferred	370,000	339,000
	<u>1,554,000</u>	<u>1,097,000</u>
Earnings before extraordinary item	<u>1,777,000</u>	<u>1,077,000</u>
Extraordinary item		
Recovery of income taxes	—	67,000
Net earnings	<u>1,777,000</u>	<u>1,144,000</u>
Earnings applicable to preferred shares	125,000	—
Net earnings applicable to common shares	<u>\$ 1,652,000</u>	<u>\$ 1,144,000</u>
Earnings per common share, based on		
weighted average number of shares outstanding		
Earnings before extraordinary item	\$1.21	\$0.83
Extraordinary item	—	.05
Net earnings	<u>\$1.21</u>	<u>\$0.88</u>

Consolidated Statement of Retained Earnings

Year Ended December 31, 1975

	1975	1974
Retained earnings at beginning of year	\$ 344,000	\$ 212,000
Net earnings	1,777,000	1,144,000
	<u>2,121,000</u>	<u>1,356,000</u>
Transferred to general reserve	750,000	750,000
Dividends		
Common shares	354,000	262,000
Preferred shares	150,000	—
Preferred share issue expenses (Note 8)	235,000	—
	<u>1,489,000</u>	<u>1,012,000</u>
Retained earnings at end of year	<u>\$ 632,000</u>	<u>\$ 344,000</u>

Consolidated Statement of General Reserve

Year Ended December 31, 1975

	1975	1974
General reserve at beginning of year	\$3,250,000	\$2,500,000
Transfer from retained earnings	750,000	750,000
General reserve at end of year	<u>\$4,000,000</u>	<u>\$3,250,000</u>

Consolidated Statement of Contributed Surplus

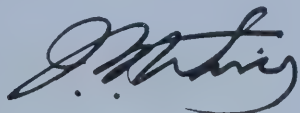
Year Ended December 31, 1975

	1975	1974
Contributed surplus at beginning of year	\$2,091,000	\$1,928,000
Premium on issue of common shares	—	163,000
Contributed surplus at end of year	<u>\$2,091,000</u>	<u>\$2,091,000</u>

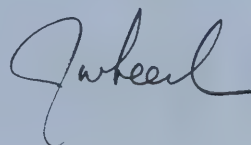
CERTIFICATE

(Under the Trust Companies Act, 1967, Section 91 (3))

We certify that the financial statements of Farmers & Merchants Trust Company and subsidiary companies are to the best of our knowledge and belief correct and show truly and clearly the financial condition of the companies' affairs.



J. B. WHITELEY,
President



J. W. LEECH
Executive Vice-President



AUDITORS' REPORT

To the Shareholders of Farmers & Merchants Trust Company

We have examined the consolidated balance sheet of Farmers & Merchants Trust Company and subsidiary companies as at December 31, 1975 and the consolidated statements of earnings, retained earnings, general reserve and contributed surplus for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances including verification of cash, bank balances and securities of the companies. All our requirements as auditors have been complied with.

After due consideration we have formed an independent opinion of the position of the companies as at December 31, 1975 and we report that in our

opinion and according to the best of our information and the explanations given to us these consolidated financial statements present fairly the financial position of the companies as at December 31, 1975 and the results of their operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

We report that the financial statements are in agreement with the books of the companies. Subject to the possible exception of the matter referred to in note 12, which in any event has been remedied, all transactions that have come within our notice have, in our opinion, been within the powers of the Company.

Calgary, Alberta
February 18, 1976

Thorne Riddell & Co.
Chartered Accountants

Notes to Consolidated Financial Statements

Year Ended December 31, 1975

1. CHANGE OF NAME

By Order-in-Council dated May 27, 1975 the Company's name was changed from Farmers & Merchants Trust Co. Ltd. to Farmers & Merchants Trust Company.

2. ACCOUNTING POLICIES

Subsidiary Companies

These financial statements include the accounts of the Company and the wholly-owned subsidiaries Fort Calgary Properties Ltd., Greenwood Properties (1970) Ltd., Famtco Holdings Ltd. and its wholly-owned subsidiary D & B Noteholders Properties Ltd.; and Commerce Capital Properties Limited in which the Company holds a 90% interest.

Marketable Securities

Bonds are recorded in the accounts at amortized cost. Stocks are recorded in the accounts at cost, less amounts written off.

Properties

All costs and expenses which are directly related to development activities are capitalized until substantial rental occupancy is achieved. The cost of developed properties, exclusive of land costs, is depreciated on a 5%, thirty year "sinking fund" basis.

Properties held for sale are recorded at the lower of cost or appraised value.

Premises and Equipment

Premises and equipment are stated at cost. Depreciation is provided on the straight-line method over the estimated useful lives of the assets or the terms of the respective leases.

Income Taxes

The Company follows the tax allocation method of providing income taxes. Under this method income taxes have been calculated on the basis of reported earnings rather than earnings currently taxable.

Deferred Income

The Company issues mortgages at discounts which are reflected in deferred income and then amortized over the term of each mortgage using the straight-line method.

3. INVESTMENT IN MARKETABLE SECURITIES

	1975	1974
Carrying value	\$36,760,000	\$27,252,000
Statutory value	\$36,605,000	\$26,825,000
Market value	\$33,185,000	\$23,863,000

The statutory value has been determined in accordance with provisions of the Trust Companies Act (Alberta).

No provision has been made for the decline in market value below carrying value as management is of the opinion that such decline does not represent a permanent diminution in value.

4. PROPERTIES

	1975	1974
Developed properties	\$ 8,148,000	\$ 7,367,000
Less accumulated depreciation	145,000	30,000
	<u>8,003,000</u>	<u>7,337,000</u>
Properties under development	5,231,000	2,285,000
Properties held for sale	188,000	51,000
	<u>\$13,422,000</u>	<u>\$ 9,673,000</u>

5. GUARANTEED ACCOUNT

Deposits include Savings and Chequing Accounts, Registered Retirement Savings Plans, Registered Home Ownership Savings Plans and Income Averaging Annuity Contracts.

Assets held to secure the Guaranteed Account were:

	1975	1974
Cash and deposit receipts	\$ 5,615,000	\$ 3,611,000
Mortgages and secured loans	195,732,000	133,259,000
Marketable securities	29,735,000	23,765,000
	<u>\$231,082,000</u>	<u>\$160,635,000</u>

6. MORTGAGES PAYABLE

	1975	1974
Mortgages secured by developed properties, bearing interest ranging from 9¾% to 13¾%, maturing from 1980 to 1984	\$7,266,000	\$6,600,000
Mortgages secured by properties under development, bearing interest at 10¾% and maturing in 1988	1,650,000	—
Other	600,000	821,000
	<u>\$9,516,000</u>	<u>\$7,421,000</u>

Minimum annual principal payments for the next five years are: 1976 — \$365,000; 1977 — \$167,000; 1978 — \$93,000; 1979 — \$48,000 and 1980 — \$748,000.

7. SUBORDINATED NOTES

In 1975 the Company issued 10½% Subordinated Notes, Series A, in the amount of \$2,000,000. Annual repayments of principal of \$168,000 are to commence in 1976 with a final repayment of \$992,000 in 1982 for which the Company holds \$1,000,000 of specified marketable securities.

8. CAPITAL STOCK

In 1975 the Company issued 300,000 preferred shares at the par value of \$10 each. The net proceeds of this issue were \$2,765,000. The expenses of the issue were charged to consolidated retained earnings.

9. LONG-TERM LEASE

The aggregate minimum rentals payable under leases, exclusive of property taxes, insurance and other occupancy and maintenance charges for the five year period ended December 31, 1980 are approximately \$380,000. Rents paid during 1975 aggregated approximately \$106,000.

10. SUBSEQUENT EVENT AND COMMITMENTS

Subsequent to December 31, 1975, the Company purchased properties costing approximately \$15,300,000.

The Company has commitments totalling \$7,389,000 under construction contracts for which financing of \$3,492,000 has been arranged.

11. ANTI-INFLATION RESTRICTIONS

The Company is subject to dividend restrictions under provisions of the Federal Anti-Inflation Act. Maximum dividends which may be paid during the twelve month period ending October 13, 1976 are \$.24 and \$1.08 per share on common and preferred shares respectively.

12. STATUTORY INFORMATION

In 1975 a group of companies received from the Company mortgage loans which may have exceeded certain limits outlined in the Trust Companies Act (Alberta). In any event, the matter has been remedied.

The aggregate direct remuneration paid by the Company to directors and senior officers amounted to \$338,000.

REVIEW OF OPERATIONS

Deposit Services

The principal reason behind the Company's successful expansion programme has been our ability to maintain a good supply of deposit money. This has been achieved through the careful selection of branch locations and by offering to the public competitive rates on our investment instruments. In this manner, we have been able to steadily build up our base of depositors over the years. The money-raising capacity of our branch network was further enhanced late in the year by the addition of deposit-taking facilities to our downtown Toronto office.

During the year, our deposit accounts grew to over 45,000. The areas of major growth were: Guaranteed Investment Certificates which increased 33% from \$123 million to \$163 million; and Registered Retirement Savings Plans which more than doubled to a year-end level of \$43 million.

We have been able to develop an excellent record with respect to the guaranteed fixed income plans which we offer in the RRSP field. Major financial studies published in 1975 and 1976 showed that our plans out-performed all fixed income RRSP's over their four-year history.

In the early part of this spring we plan to add additional savings instruments to our mix including the guaranteed bonds of General Mortgage Corporation of Canada, another Commerce Capital Company. Like the Farmers & Merchants Trust GIC, this bond has a one-to-five year term and is guaranteed by the Canada Deposit Insurance Corporation. The marketing of this instrument through our branch system will increase the savings programmes which we can offer our customers.

Mortgage Lending

The major activity of the Company is our mortgage lending operation. During 1975 a total of \$93 million of new mortgage loans were placed for a net increase in the portfolio of \$63 million. Included in these numbers was the financing of over 1,300 housing units. Since the heaviest funding period occurred in the last quarter of the year, the full impact of this growth will not be reflected in earnings until 1976.

We were particularly pleased that the residential content of our mortgage portfolio continued to increase. In response to government policies encouraging the further development of homes for Canadians, the Company embarked on a programme to finance more new housing projects and during 1976 will continue to emphasize this aspect of mortgage lending. For example, we recently announced a major commitment to finance the purchasers of condominium units in two large developments owned by our subsidiary Commerce Capital Properties Limited.

In an effort to provide more flexibility in the type of mortgages available to our customers we have been

offering the option of shorter maturities and, in some cases, variable rates. We feel that these new concepts will become widespread in the near future.

During the year, the centralized administration of our mortgage portfolio was transferred to a newly upgraded in-house computer facility. This more sophisticated installation has allowed us to improve the level of service to our borrowers and has enhanced our mortgage servicing capability.

Trust Services

To date our activities in the field of trust services have been somewhat limited. The Company acts as the executor of estates, transfer agent and registrar for public companies, trustee for several self-administered tax deferral plans and manager of various investment accounts and real estate properties. We anticipate that this will be an area of future development as the Company continues to grow. Our improved computer facilities have increased our ability to compete in this aspect of business.

Real Estate Development

The majority of our real estate activities are carried on in a 90% owned subsidiary, Commerce Capital Properties. The year 1975 was a very active one for this operation as construction began on our third and fourth enclosed mall plazas.

Driftwood Mall — Situated on a 22-acre site in Courtenay, British Columbia, this shopping centre will comprise 140,000 square feet of retail space and will provide parking for 700 automobiles. The department store will contain 60,000 square feet and has been leased to Zeller's. The supermarket tenant will be Overwaitea Foods who have leased 26,000 square feet. The formal opening of this centre is scheduled for the spring of 1976.

Garden City Square — This shopping centre, located on a 20-acre site in Winnipeg, Manitoba will consist of 242,000 square feet and parking for 1,176 automobiles. The main department store, with 146,000 square feet, has been leased to F. W. Woolworth Co. Limited. Canada Safeway Limited has leased the 42,000 square foot supermarket. The formal opening is scheduled for this coming summer.

During the year this company disposed of its interests in Unicity Fashion Square, Winnipeg, Manitoba and three neighbourhood centres that were under development in various communities in Alberta.

In February of this year, Commerce Capital Properties announced the purchase of two large condominium developments in the greater Vancouver area. This represents the company's initial move into the area of residential real estate development. It is expected that these projects will be completed and ready for sale by late spring of this year.

1



2



3



4



5



1 Branch personnel busy processing new RRSP accounts.

2 Workmen driving piles at the Garden City Square Shoppers Mall site, Winnipeg, Manitoba. This centre is scheduled to open in summer 1976.

3 A stately nursing home financed by Farmers & Merchants Trust.

4 Our financing helps to provide more new homes for Canadians.

5 Farmers & Merchants Trust provided the construction and permanent financing for this condominium complex.

FIVE YEAR FINANCIAL REVIEW

YEAR END POSITION

(thousands)

	1975	1974	1973	1972	1971
Assets					
Cash and bank deposit receipts	\$ 13,389	\$ 5,700	\$ 1,528	\$ 6,130	\$ 2,438
Marketable securities	36,760	27,252	28,625	26,048	23,050
Mortgages and loans	195,732	133,322	80,595	42,808	36,811
Properties	15,408	11,190	5,154	1,947	1,858
Other	1,555	2,704	927	832	221
	\$262,844	\$180,168	\$116,829	\$77,765	\$64,378
Guaranteed account					
Deposits	\$ 68,466	\$ 37,916	\$ 13,020	\$10,720	\$10,378
Guaranteed investment certificates . .	162,616	122,719	92,740	59,123	48,407
	\$231,082	\$160,635	\$105,760	\$69,843	\$58,785
Other liabilities					
Mortgages	\$ 9,516	\$ 7,421	\$ 281	\$ 165	\$ 170
Other	3,701	1,668	2,945	811	635
Subordinated notes	2,000	—	—	—	—
	\$ 15,217	\$ 9,089	\$ 3,226	\$ 976	\$ 805
Deferred income	\$ 4,408	\$ 2,702	\$ 1,546	\$ 1,605	\$ 1,717
Deferred income taxes	\$ 965	\$ 598	\$ 259	\$ 96	\$ —
Minority interest	\$ 88	\$ 98	\$ 101	\$ —	\$ —
Shareholders' equity					
Preferred shares	\$ 3,000	\$ —	\$ —	\$ —	\$ 250
Common shares	8,084	7,046	5,937	5,245	2,821
	\$ 11,084	\$ 7,046	\$ 5,937	\$ 5,245	\$ 3,071

RESULTS FOR YEAR

(thousands except per share figures)

Revenue					
Income from mortgages and loans . .	\$ 20,336	\$ 13,760	\$ 6,733	\$ 4,529	\$ 3,789
Income from marketable securities . .	3,709	2,523	2,308	1,952	1,704
Other	2,128	1,390	858	793	410
	\$ 26,173	\$ 17,673	\$ 9,899	\$ 7,274	\$ 5,903
Expenses					
Interest	\$ 18,442	\$ 11,771	\$ 6,168	\$ 4,511	\$ 4,037
Other	4,400	3,728	2,199	1,466	1,036
	\$ 22,842	\$ 15,499	\$ 8,367	\$ 5,977	\$ 5,073
Earnings before income taxes and extraordinary item	\$ 3,331	\$ 2,174	\$ 1,532	\$ 1,297	\$ 830
Income taxes	\$ 1,554	\$ 1,097	\$ 720	\$ 568	\$ 307
Earnings before extraordinary item . .	\$ 1,777	\$ 1,077	\$ 812	\$ 729	\$ 523
Extraordinary item	\$ —	\$ 67	\$ 87	\$ 257	\$ 79
Net earnings	\$ 1,777	\$ 1,144	\$ 899	\$ 986	\$ 602
Earnings applicable to preferred shares	\$ 125	\$ —	\$ —	\$ 12	\$ 18
Net earnings applicable to common shares	\$ 1,652	\$ 1,144	\$ 899	\$ 974	\$ 584
Earnings per share					
Before extraordinary item	\$ 1.21	\$ 0.83	\$ 0.63	\$ 0.75	\$ 0.62
After extraordinary item	\$ 1.21	\$ 0.88	\$ 0.69	\$ 1.02	\$ 0.72
Dividends per common share	\$ 0.26	\$ 0.20	\$ 0.16	\$ 0.08	\$ —

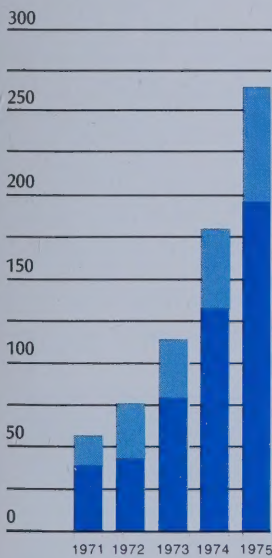
SHARES OUTSTANDING

(thousands)

Preferred shares	300	—	—	—	25
Common shares — at year-end	1,361	1,361	1,296	1,296	805
— average	1,361	1,299	1,296	958	805

TOTAL ASSETS

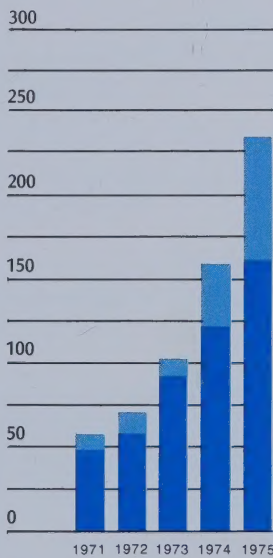
millions of dollars



— Other Assets
— Mortgages

GUARANTEED ACCOUNT

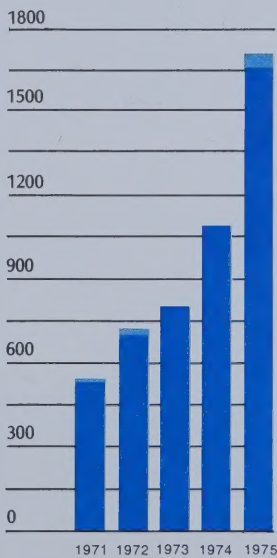
millions of dollars



— Deposits
— Guaranteed Investment Certificates

EARNINGS BEFORE EXTRAORDINARY ITEMS

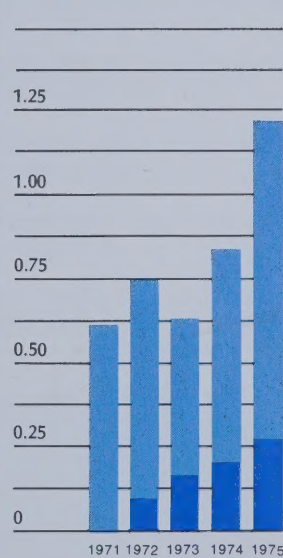
thousands of dollars



— Applicable to Preferred Shares
— Applicable to Common Shares

EARNINGS AND DIVIDENDS PER COMMON SHARE

dollars



— Dividends Paid



FARMERS & MERCHANTS TRUST COMPANY

OUR BRANCHES

Alberta

Calgary — 209 - 8th Avenue South West
Calgary, Alberta T2P 1B8

Edmonton — 10420 Jasper Avenue
Edmonton, Alberta T5J 1Z3

Grande Prairie — 9933 Richmond Avenue
Grande Prairie, Alberta T8V 0V1

Lethbridge — 309 - 7th Street South
Lethbridge, Alberta T1J 2G4

Medicine Hat — 429 - 3rd Street South East
Medicine Hat, Alberta T1A 0G8

Red Deer — 4822 Gaetz Avenue
Red Deer, Alberta T4N 4A3

British Columbia

Kamloops — 157 Victoria Street
Kamloops, British Columbia V2C 1Z4

Vancouver — 564 Howe Street
Vancouver, British Columbia V6C 2C9

Victoria — 731 Fort Street
Victoria, British Columbia V8W 1G9

Manitoba

Winnipeg — 349 Portage Avenue
Winnipeg, Manitoba R3B 2C3

Ontario

Toronto — 15 Toronto Street
Toronto, Ontario M5C 2E3

Quebec

Montreal — 1450 St. Catherine Street West
Montreal, Quebec H3G 1R3



Interior of our new Edmonton Branch, opened January 1976.

OUR SERVICES

More detailed information can be obtained at any Farmers & Merchants Trust office.

Savings Plans

Savings Accounts

- generous interest rates offered on your day-to-day savings

Chequing Accounts

- interest bearing accounts with chequing privileges

Guaranteed Investment Certificates

- 100-day to five-year term deposits yielding the highest savings rate to our customers who desire a fixed and guaranteed return on their savings dollars.

Deposit-by-Mail Services

- we provide addressed and prepaid envelopes, a convenient way to do business with us.

Financial Planning Programmes

Registered Retirement Savings Plans

- we offer both guaranteed fixed income and self-administered plans to help you save towards your future pension requirements

Registered Home Ownership Savings Plans

- a guaranteed fixed income plan geared to help you finance your future home purchase through personal and tax savings.

Deferred Profit-Sharing Plans

- a guaranteed fixed income plan to allow companies to provide pension benefits to employees by sharing profits and saving taxes.

Income Averaging Annuity Contracts

- a guaranteed fixed income plan to average qualifying income over a period of years

Mortgage Loans and Services

Conventional Loans

- we offer custom-tailored mortgages on residential and commercial properties in Canada

MICC Loans

CMHC Loans

Mortgage Correspondent and Servicing Agent Mortgage Banking

Real Estate Services

Real Estate Brokerage

Appraisal Services

Property Management

Real Estate Development

- shopping centre and residential development through our subsidiary, Commerce Capital Properties Limited

Trust Services

Estate Planning and Administration

Trustee for Pension Plans

Transfer Agent and Registrar

Custodial Services

Miscellaneous Services

Safety Deposit Boxes

Safe-Keeping Services

Money orders and Travellers Cheques

MEMBER CANADA DEPOSIT INSURANCE CORPORATION
MEMBER QUEBEC DEPOSIT INSURANCE CORPORATION



TRUST COMPANIES ASSOCIATION OF CANADA
L'ASSOCIATION DES COMPAGNIES DE FIDUCIE DU CANADA



A COMMERCE CAPITAL COMPANY
